



DEPARTMENT OF VETERANS AFFAIRS
Regional Office
1240 East Ninth Street
Cleveland OH 44199

June 7, 2006

In Reply Refer To: 325/262
Information Letter 26-06-05

TO: All VA Lenders, Servicers, and Fee Appraisers Doing Business in Delaware, Indiana, Michigan, New Jersey, Ohio, and Pennsylvania

SUBJ: Manufactured Home Appraisal Report

1. PURPOSE: The purpose of this circular is to provide information to program participants on the use of the new Manufactured Home Appraisal Report (Freddie Mac Form 70B/Fannie Mae Form 1004C, dated March 2005) for Department of Veterans Affairs (VA) manufactured home appraisals.

2. BACKGROUND:

a. Until April 1, 2006, VA appraisal reports for manufactured homes (MH) appraised as real estate were required to be completed on the same appraisal report form as site built single-family residences, Uniform Residential Appraisal Report (URAR), Freddie Mac Form 70/Fannie Mae Form 1004.

b. Our analysis of the new Manufactured Home Appraisal Report has resulted in the determination that its use is preferable to the URAR for MH appraisals, as it was specifically designed to identify MH information in detail and should allow for a more comprehensive and consistent MH appraisal report that is easier to prepare and read.

3. DETAILS:

a. As announced in VBA Circular 26-06-04, dated March 1, 2006, the use of the Manufactured Home Appraisal Report (dated March 2005) became mandatory for all VA manufactured home appraisals on April 1, 2006. MH appraisals that are completed on or after April 1, 2006, using any other form, are unacceptable to VA.

b. The new Manufactured Home Appraisal Report is available online at:
Fannie Mae's website: <http://www.efanniemae.com/sf/formsdocs/forms/1004c.jsp> and at
Freddie Mac's website: <http://www.freddiemac.com/sell/forms/>.

c. The new Manufactured Home Appraisal Report form must be acceptably completed, including entries for all relevant questions based on personal observation. In addition, VA fee appraisers must identify and require correction of deficiencies or conditions necessary to ensure the subject property meets applicable VA minimum property requirements.

d. Fee appraisers are expected to be familiar with State and local code laws or regulations in their locality governing manufactured homes (such as missing HUD labels, alterations, modifications, additions, component replacements), and to make appropriate requirements for compliance.

e. The Cost Approach is not required for VA purposes, but may be completed to supplement the indicated value in the Sales Comparison Approach. Since VA relies exclusively on the sales comparison approach to value (except in very unusual circumstances), the VA value estimate (market value) should never exceed that indicated in the Sales Comparison Approach.

4. ACTIONS: VA fee appraisers and appraisal reviewers are encouraged to become familiar with the new form as soon as possible. Requests for additional information or further clarification should be made to the Cleveland Construction and Valuation staff members at 1 (800) 729-5772. The Cleveland VA Office is open weekdays from 8:00 a.m. to 4:30 p.m. Eastern time. Thank you for your continuing participation in our VA Loan Guaranty program.

/s/

JAMES L. BRUBAKER, JR.
Loan Guaranty Officer